



# **Southeast Wisconsin Medicaid Managed Care Organizations RFP**

RFP Background

Department of Health Services

November 11, 2009

# Wisconsin State Budget Faces Huge Deficit



- State of Wisconsin faces \$6.6 billion deficit for the 2009-11 biennium.
- Wisconsin's Medicaid program must generate \$625 million (AF) in savings this biennium.
- ForwardHealth Rate Reform project conducted to identify savings measures.
  - Held ad hoc provider and advocacy advisory group meetings.
  - Obtained input on cost savings measures.
  - Analyzed suggestions and developed list of savings ideas.

# Identifying Cost-Savings in Medicaid



- One savings recommendation is the Southeast Wisconsin Medicaid Managed Care RFP.
  - Realize cost savings through reduced administrative rate.
  - Establish strong incentives to improve performance in targeted quality areas.
- Estimated to save state taxpayers \$39.5 million (AF) over the biennium.

# Goals of Managed Care RFP



- Measurably improve healthcare outcomes for BadgerCare Plus members in the following areas:
  - Childhood Immunizations
  - Blood Lead Screening for one and two year olds
  - Tobacco Cessation
  - Asthma Management
  - Diabetes Management
  - Healthy Birth Outcomes
- Improve care coordination, especially for high cost individuals with chronic illness.
- Reduce inappropriate uses of services such as unnecessary ER visits.
- Increase dental utilization.
- Lower overall cost of health care.
- Simplify and strengthen the health care marketplace.

# Goals of Managed Care RFP (cont'd)



- Focus on six counties in Southeast Wisconsin: Milwaukee, Washington, Ozaukee, Waukesha, Racine and Kenosha.
- RFP applies to BadgerCare Plus Standard and Benchmark plans only.
- HMOs must provide services to members in all six counties.
- BadgerCare Plus Core Plan and SSI-Medicaid members will be linked and will receive services from current SSI-Medicaid HMOs.
- Implement RFP in Summer 2010.

# Medicaid Managed Care in Southeast WI: Current State



- DHS contracts for BadgerCare Plus services with 7 HMOs in the Southeast.
- Milwaukee county members in these HMOs represent about 25% of the total statewide BadgerCare Plus population.
- Value proposition for managed care is questionable:
  - Poor outcomes.
  - High costs.

# Milwaukee County Spending



- DHS will spend \$60.9 million on non-medical payments to these HMOs in Milwaukee County in CY 2009.
- Milwaukee County HMOs are paid the highest capitation rate PMPM in the State.
- Wisconsin HMOs receive the highest administrative rate in the U.S. at 16.1%.

# Managed Care Quality Indicators



- Southeast HMOs perform poorly on quality and member satisfaction.

<b>2007 P4P Measure</b>	<b>Milwaukee County Average</b>	<b>Region 5 Average</b>	<b>WI BOS Medicaid Average</b>
Childhood Immunization	49.0%	69.2%	77.0%
Blood Lead-One Year	58.6%	66.1%	71.0%
Blood Lead-Two Year	58.8%	55.0%	53.1%
Tobacco Cessation	39.4%	37.9%	59.1%
Asthma Management	85.6%	81.8%	86.9%
Diabetes HbA1c	70.4%	68.2%	79.6%
Diabetes LDL	57.3%	56.6%	67.0%

- Preliminary 2008 data on lead testing for one year olds indicates a modest improvement in performance among HMOs statewide and a continued gap in performance with the rest of the state.
- 4 of the 7 Southeast HMOs ranked the lowest among Wisconsin's BadgerCare Plus HMOs for "Overall Rating of Quality of Health Plan" (2008 CAHPS survey).



# Southeast Wisconsin Medicaid Managed Care RFP



- At least three HMOs will be awarded contracts.
- New contracts will hold HMOs accountable through financial penalties for meeting the Department's quality performance benchmarks.
- HMOs must establish a medical home pilot for pregnant women known to be at high risk for a poor birth outcome.
- As part of the RFP, HMOs will be evaluated on their proposed administrative costs for providing and managing the health care services of BadgerCare Plus members.



**Thank you**